Extension of purchase preference policy

*405. SHRI K.M. KHAN: Will the Minister of HEAVY INDUSTRIES AND PUBLIC ENTERPRISES be pleased to state:

(a) whether Government have decided to extend the purchase preference policy for products and sevices of Central PSUs, which had expired on 31st March, 2002;

(b) if so, the details thereof;

(c) if not, the reasons therefor; and

(d) the steps taken by Government to make PSUs efficient, competitive and self-supporting?

THE MINISTER OF HEAVY INDUSTRIES AND PUBLIC ENTERPRISES (SHRI BALASAHEBVIKHE PATIL): (a) to (c) Government have decided to extend the existing purchase preference policy for products and services of Central Public Sector Enterprises (CPSEs) for two more years from 1.4.2002 to 31.3.2004 and issued guidelines on 14.6.2002. Under the policy, if the price quoted by the public sector enterprise is within 10% of the lowest price in a tender, other things being equal, purchase preference may be granted to the CPSE concerned at the lowest valid price bid. The policy has the following provisions:

(i) the 10% purchase preference would be extended to tenders/ NIT of rupees five crores and above.

(ii) CPSEs registered under the Companies Act, 1956 and statutory CPSEs will be eligible for purchase preference as before. Joint venture companies where holding of Government and/or CPSEs is 51% or more and joint ventures which are subsidiaries of CPSEs with CPSEs holding 51% equity or more will also be eligible for purchase preference.

(iii) A minimum value addition of 20% by the CPSEs/joint venture units by way of manufacture and/or services would be a pre-requisite for availing purchase preference.

(iv) Ministries/Departments/CPSEs and autonomous bodies under Central Government will continue to grant purchase preference to CPSEs.

(v) Purchase preference will also be available to only those privatized CPSEs where specific Government approval has been accorded for the specific periods from the date of disinvestment.

(vi) Respective Ministries/Departments/autonomous bodies/ CPSEs will be responsible for implementing the Purchase Preference Policy.

(vii) As per the existing policy the provisions relating to purchase preference should be specified in the Notice Inviting Tender (NIT) for rupees five crores and above. For any deviation including exclusion of the purchase preference clause from the NIT, it will be obligatory for the concerned Ministry/ Department/CPSES/autonomous bodies to obtain prior exemption from the Cabinet in consultation with the Department of Public Enterprises.

(viii) Other provisions of the purchase preference policy remain unaltered.

(d) Various steps are taken to make the Central Public Sector Enterprises (CPSEs) more efficient, competitive and self-supporting in the liberalised economic environment. Some of the steps include delegation of enhanced powers and greater operational autonomy through the mechanism of Memorandum of Understanding (MoU), Navratna/Mini-ratna schemes, professionalisation of Board of Directors, reduction of centralised guidelines, business and financial restructuring, formation of joint ventures, modernisation of plant and machinery, upgradation of technology, purchase preference, rationalisation of manpower through Voluntary Retirement Scheme (VRS) etc.

Sale of ITDC hotels

*406. SHRI YADLAPATI VENKAT RAO: Will the Minister of DISINVESTMENT be pleased to state:

(a) the number of ITDC hotels, so far, sold off;

(b) the number of hotels yet to be sold; and

(c) the details of ITDC hotels not to be sold off and the fate of the employees of ITDC hotels already sold?